

Members

Sen. James Merritt, Chairperson
Sen. Marvin Riegsecker
Sen. Robert Jackman
Sen. James Lewis
Rep. Jerry Denbo
Rep. Ben GiaQuinta
Rep. Ron Liggett, Vice-Chairperson
Rep. Gloria Goeglein
Rep. Thomas Saunders
Rep. David Wolkins
Sen. Rose Antich
Sen. Lindel Hume



INTERIM STUDY COMMITTEE ON BUREAU OF MOTOR VEHICLE ISSUES

Legislative Services Agency
200 West Washington Street, Suite 301
Indianapolis, Indiana 46204-2789
Tel: (317) 232-9588 Fax: (317) 232-2554

LSA Staff:

Susan Montgomery, Attorney for the Committee
Robert Rudolph, Attorney for the Committee
Jim Sperlik, Fiscal Analyst for the Committee

Authority: Legislative Council Resolution 99-1
(Adopted May 26, 1999)

MEETING MINUTES¹

Meeting Date: July 22, 1999
Meeting Time: 10:30 A.M.
Meeting Place: Government Center South, 302 W.
Washington St., Conference Room
A,
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. James Merritt, Chairperson; Sen. Marvin Riegsecker; Sen. Robert Jackman; Rep. Jerry Denbo; Rep. Ron Liggett, Vice-Chairperson; Rep. Gloria Goeglein; Rep. Thomas Saunders; Rep. David Wolkins; Sen. Rose Antich; Sen. Lindel Hume.

Members Absent: Sen. James Lewis; Rep. Ben GiaQuinta.

Senator Merritt, Chair of the Interim Study Committee on Bureau of Motor Vehicle Issues, called the meeting to order at 10:40 a.m. He gave preliminary opening remarks, reminding those in attendance that this study committee was a link between the Legislature and the Bureau of Motor Vehicles, the most service-oriented agency in state government. He felt that all those of driving age and older had some connection with the Bureau of Motor Vehicles. He introduced the members of the Committee.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

Review of the Charge made to the Committee

Senator Merritt introduced Susan Montgomery of the Legislative Services Agency (LSA) and asked her to read the Charge made to the Committee by the Legislative Council. The Charge, from Legislative Council Resolution 99-1, was to:

- A. Study the operations, use of technology for automated delivery of services, cost of operation, and the financing of the Bureau of Motor Vehicles (BMV) and the BMV Commission (HB 1639, HR 71, HB 2037); and
- B. Study the plausibility of privatizing the operations of the BMV (SCR 75).

Senator Merritt introduced Bob Rudolph and Jim Sperlik of LSA.

Remarks from Gary Gibson, Commissioner of the Bureau of Motor Vehicles

Senator Merritt then introduced Gary Gibson, Commissioner of the Bureau of Motor Vehicles. The Commissioner introduced the members of his staff at the meeting: Mary DePrez, Deputy Commissioner of Branch Operations Services Division and Legislative Liaison; Vincent Harrington, Deputy Commissioner of Finance; Michelle Moore, Director of Motor Vehicle Information Systems; Melanie Schwartz, Deputy Commissioner for Driver Services; Andrea Oaldon, Director of Planning and Development; Marty Murphy, Deputy Commissioner of Vehicle Services; Beverly Ross, Administrative Assistant; and Alvin Hayes, Director of Public Affairs.

Commissioner Gibson began his presentation by furnishing the Committee with a copy of Indiana Bureau of Motor Vehicles Interim Study Committee Management Overview. He stated that the Bureau of Motor Vehicles is approaching the committee with a full spirit of cooperation. He asserted that the Mission Statement of the Bureau of Motor Vehicles Commission (BMV/C) is to serve the needs of its customers and employees in a courteous, professional, and efficient manner that promotes the safe and legal operation of motor vehicles in the State of Indiana. Acknowledging the charge to the Committee, he also stated that the goals of the BMV/C were to define the expectations for the BMV/C, reach consensus on expectations, and work together to make expectations become reality. Commissioner Gibson noted that the BMV/C's functions include drivers' licenses, vehicle registrations (including those for auto, motorcycle, R.V.s, trucks, and watercraft), titles for the same type vehicles, voter registration, records management, distribution of data, collection and distribution of public funds, and collection and distribution of charitable funds. He observed that the BMV/C collects over \$700,000,000 of public funds each year, and that it collects and distributes charitable funds, such as funds for organ procurement, the Heritage Trust and others. In 1998, it registered 6,227,201 vehicles, and tracked 819,666 telephone calls.

Commissioner Gibson next explained the relationship between the Bureau of Motor Vehicles (BMV) and the BMV/C. He feels that the average citizen does not know that these are two interdependent agencies, and stated that, in fact, no other state motor vehicle department has such an arrangement. The BMV/C is a five member board. The BMV/C runs the license branches, has direct customer contact, receipt of licensing, titling, and voter applications, issues licenses, reinstates licenses, collects funds, and provides general information. The BMV, an executive department answering to the Governor, provides support for the BMV/C. As such, it provides general administration, processing of licenses, title, registrations, and other services, distribution of funds to counties and organizations, records management, distribution of data, telecommunications support, and provides general information.

The Commissioner then discussed the driving forces of the BMV/C: those of providing: Bureau services connected to customer demands, data and communication systems,

human resources, financial resources, politics and legal requirements. Representative Wolkins asked the Commissioner if he was able to move staff from headquarters to the branches, and is that a problem as staff may be unionized. The Commissioner stated that unionization is one reason that he is unable to do so but also because the BMV staff consists of state employees and the BMV/C staff does not.

Commissioner Gibson then gave examples of the concerns connected with the driving forces, and how all of those came down to monetary issues. He stated that he is aware that the media is always watching the work of the agency, and that the operation of the BMV/C becomes a local community issue. Representative Goeglein voiced her concern that legislators sometimes may need to become involved in a constituent issue with the BMV/C, along with matters involving the Indiana Department of Revenue. The Commissioner commented that many of the tasks that the BMV/C performs are very labor-intensive; an example given was answering driving record questions on the telephone. Also, many members of the public are reluctant to use new technology; even now, only 30% of plate renewals are done by mail. Senator Hume commented that the actions of motor vehicle departments in other states may affect citizens in Indiana. The Commissioner stated that the computer system dates from the 1970s and only 3-5 of the branches even have a fax machine. A discussion then ensued regarding the telephone lines into the BMV/C and the number of operators and methodology involved. Senator Jackman asked about an "800" telephone line into the BMV/C; Commissioner Gibson stated that when one was in use, it cost over one million dollars a year, and thus was discontinued.

Commissioner Gibson then raised several key issues for consideration by the Committee. First, was the relationship between the BMV and the BMV/C. Second, was a determination of the core responsibilities--whether the BMV/C should be run as a business or an agency. Representative Goeglein asked if the money now allocated for the motor vehicle highway account fund were allocated to the BMV/C, would it be better off. The Commissioner agreed, and also stated that if the BMV/C did not have to collect and distribute money for various other agencies and charitable entities, the BMV/C would also be better off. Representative Liggett then recounted he felt that the lease for the branch in Albany, Indiana could have been better negotiated. He felt that in some cases, from a financial aspect, the BMV/C should build branches and not lease.

Senator Antich raised a question about the establishment of the BMV/C and the BMV. The Commissioner gave a brief history, and, in a response to a further question from Senator Antich, opined that one solo entity might be better. Senator Antich stated that she had just waited for her plates for 35 minutes at the Merrillville branch and thought employee productivity might be increased. Representative Goeglein felt that the BMV/C must act both as an agency and a business as it collects taxes from the public customer. Senator Hume pointed out that the number one priority of the bureau is to provide service to the constituents, and indicated that it would be difficult to make changes in a short time.

A third issue regarding statutory requirements and their impact led to a discussion as to the county designation on the plates and how that leads to "plate waste" according to Commissioner Gibson. Commissioner Gibson also suggested plate renewal every 6 to 8 years and digital licensing as possible changes in procedure. The Commissioner also voiced his concern as to his fourth issue, that the BMV/C has certain duties that are not compensated, and that other services provided may not be adequately covered by the charges. Fifth, he spoke about the potential of raising revenue by other means. The sixth issue raised dealt with the public's perceived reluctance to use the technology already available to the BMV/C, and the seventh dealt with outsourcing. While the Commissioner is not opposed to outsourcing, he raised concerns about confidentiality, and the fact that if something goes wrong with the service of the contractor, it is still the BMV/C that must

rectify the problem. He also is concerned with the possibility of cessation of business by a contractor, and the continuation of service to the public.

Committee Discussion

Representative Saunders then made a statement concerning his experiences at a local branch in his district. He stated that he paid a visit to a local branch to talk about the possibility of branch closings and was told that no comment could be made because the decision to close would come from Indianapolis. He asked that personnel of the local branches be told that they may speak to legislators. In response to a query from Representative Wolkins, Commissioner Gibson gave the ten criteria for a branch closing, which were (listed in descending order of priority):

1. One license branch per county (in accordance with IC 9-15-2-1 (5)).
2. One license branch per 100,000 county residents.
3. License branches should be centrally located in most populated areas.
4. License branches should be located in county seats when possible.
5. Ease of customer accessibility- proximity to major thoroughfares.
6. Availability of leased space that is suitable for drive tests and other service offerings.
7. Competitive lease rates.
8. Distance between license branches.
9. Mobility of population.
10. Local labor pool/availability of workers.

Senator Jackman noted that when he made visits to branches in his district, he found that the branch managers do not know the cost of running the branch, and that the managers were thoroughly against the idea of privatization. The Commissioner commented that when he entered his position, there were no figures of cost per branch. He hired a deputy commissioner of finance, and wants the branches to operate as a profit system. Senator Riegsecker queried if county designation plates are eliminated, can cross-county registration be made? Mary DePrez answered that could be done during years when renewal stickers are given. However, in each fifth year metal plates are re-issued, and with county designation, must be distributed in that particular county. Representatives Saunders and Goeglein then discussed the issues related to excise tax collection by the Bureau and the distribution to the proper taxing district. Commissioner Gibson mentioned a change from metal to laminated material for license plates in Missouri, and commented that metal plates are cheaper through commercial pressage than through Department of Corrections products. Representative Liggett asked the number of employees in the branches and the total number of employees. The Commissioner responded that there are about 1,500 in the BMV/C and about 425 in the BMV. Representative Liggett also voiced a question regarding leases of branches. The Commissioner stated that leases are signed with corporations or agents so that the BMV/C does not necessarily know who the principals of the leasing corporation might be.

Future Operation of the Committee

Senator Merritt then discussed the future operation of the Committee. The Committee could petition the Legislative Council to extend the Committee to a two-year duration and to ask for more money for the Committee, if necessary. The Committee might form a branch closing subcommittee. Senator Hume commented that a one year committee might not do the subject justice, and prefers a two year committee. He is concerned about not proposing stopgap measures, but actually doing true reform. Representative Denbo also prefers that the time duration of the Committee be extended. By voice vote, the Committee approved the Hume/Denbo motion to petition the Legislative Council for more money for the 1999

year and to change this to a two year study committee.

Senator Jackman agreed with the motion, but believed that some ideas for changes should come from this year's meetings. Representative Goeglein believed that working with Commissioner Gibson gives the Committee a great opportunity. Senator Merritt announced that the Committee would visit at least two branches to view their operations, hopefully by the end of August.

The meeting was adjourned by Senator Merritt at 12:10 p.m.